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THE FOLLOWING DOCUMENTS
ARE ATTACHED:
(Please do not remove)

OGC 51984 87
OGC 52290 87

SUBJECT:

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

Office of General Counsel

[redacted] (b)(3)

Gordon W. Paulsen, Esquire
Healy & Baillie
29 Broadway
New York, NY 10006

Peter J. McHugh, Esquire
Hill, Betts & Nash
One World Trade Center
New York, NY 10048

Dear Sirs:

Your letter of 12 June 1987, addressed to the Director of Central Intelligence, has been referred to me for response.

I have reviewed the points you made in your letter and have advised the DCI of them. I am authorized to state that the Agency respectfully declines to recognize a moral obligation of the Central Intelligence Agency or the United States Government to reimburse your respective clients for the damages they have claimed in the recently dismissed case of Chaser Shipping Corp. v. United States. We do not believe that such an obligation has been shown to exist and we think that the disposition of the claims by the federal courts is the appropriate resolution of the matter.

Sincerely,

[redacted] STAT (b)(3)

[redacted]

DCI EXEC REG

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HEALY & BAILLIE

29 BROADWAY

NEW YORK, N.Y. 10006

(212) 943-3980

NICHOLAS J. HEALY
GORDON W. PAULSEN
THOMAS L. ROHRER
IRIUS C. COOK
RAYMOND A. CONNELL
JOHN C. KOSTER
WILLIAM F. LOSQUADRO
JOHN P. McMAHON
JACK A. GREENBAUM*
HOWARD M. McCORMACK
ALEN T. OXTON
JOHN D. KIMBALL
JOHN R. GERAGHTY*
WILLIAM N. FRANCE
ROBERT G. SHAW

JOHN P. JAMES
LISA M. PUGLIESE
RICHARD V. SINGLETON
GEORGE M. LEING
ANDREW M. KRAMER
LEROY LAMBERT
REGARD D. HOLBY
MICHAEL P. KAELIN
NANCY H. DIAMOND

WILLIAM G. KAELIN
RICHARD T. O'CONNELL
COUNSEL

NEW JERSEY OFFICE
333 SOUTH WASHINGTON AVENUE
BERGENFIELD, N.J. 07621
(201) 384-2556

CABLE "MAINBRACE NEW YORK"
ITT TELEX 422089
TELECOPIER (212) 425-0131

*ALSO ADMITTED IN NEW JERSEY

June 12, 1987

Hon. William H. Webster,
Director of Central Intelligence
Central Intelligence Agency
c/o U. S. Department of Justice
P.O. Box 14271
Washington, D. C. 20044-4271

Re: M/T IVER CHASER
Claim for damage resulting from
having struck a mine off Corinto,
Nicaragua on March 28, 1984
Our Ref.: 24822-002

Dear Mr. Webster:

First, heartiest congratulations on your appointment and confirmation as Director of the Central Intelligence.

Rather than sending this letter to you directly, we have asked the Department of Justice to transmit it to you because, as we understand it, that Department has the same relationship to the CIA as a private attorney has to a client and therefore it would not be proper for us to communicate with you except through "Justice." We hope and expect that the Department of Justice will transmit this letter to you, just as under similar circumstances private attorneys would be obligated to forward similar letters, with or without comment, to clients.

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We represent the Norwegian owners and underwriters of the Motor Tanker IVER CHASER which, on March 28, 1984, was severely damaged as the result of contact with a mine placed by or pursuant to the directions of the CIA in the harbor of Corinto, Nicaragua. No notice of the mining was given to the maritime industry by the CIA or any other U. S. Government agency. The owners and underwriters, citizens of Norway, a loyal NATO ally of the United States, had not expected that the CIA would seek to impose the burden of financing United States - Nicaraguan foreign policy on them; accordingly, they tried, unsuccessfully, to reach an amicable settlement prior to the expiration of the two year statute of limitations under the Suits in Admiralty Act and the Federal Tort Claims Act. Only when these efforts failed was suit instituted, and even then, the hope was that settlement could nevertheless be achieved.

Although at the time suit was brought there may have been some basis for the United States to deny that it had been involved in the mining, later - especially in recent weeks - that position is no longer tenable. The United States District Court for the Southern District of New York dismissed the suit on the basis that it involved a "political question," and held that the judiciary could not review the policy decisions of the Executive. On appeal, the United States Court of Appeals for the Second Circuit on April 27, 1987 stated:

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> ... without expressing any views as to other avenues of redress that appellants may have open to them, we affirm the judgment of the district court.

Our petition for rehearing en banc, filed on May 11th, was denied yesterday. Copies of that document and our other appeal briefs are enclosed.

Acting upon the suggestion of the Court of Appeals with respect to "other avenues," we would ask you if you do not agree that it would now be appropriate for the CIA or the State Department to recognize the moral obligation to reimburse the owners and underwriters of the Motor Tanker IVER CHASER for the losses and damages which they suffered as a result of this incident. The international esteem of the United States would be greatly enhanced if that obligation were recognized. Conversely, it is hard to accept the refusal to reimburse citizens of a loyal friend of the United States for the heavy costs which the United States imposed on them without their consent. This indeed is a form of the "taxation without representation" which our founding fathers found reprehensible over two centuries ago. Is it not at least equally repugnant now?

Very truly yours,

HEALY & BAILLIE
Attorneys for The Norwegian War Risk Insurance for Ships, A Mutual Association,

By: Gordon W. Paulsen
Gordon W. Paulsen
and

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GWP/kbo
Encls.:
Copies of Appellants'
Appeal Briefs and
the Petition for
Rehearing en banc.

HILL, BETTS & NASH
Attorneys for Chaser Shipping Corp.

By: Peter J. McHugh /gwp
Peter J. McHugh

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